News Release
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For Immediate Release
December 18, 2003

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Sen. Kuipers announces fair budget compromise

Lansing — Sen. Wayne Kuipers today announced a compromise to solve Michigan's $920 million budget deficit that guarantees an income-tax cut in 2004 while providing additional revenue to soften cuts to public schools, higher education and local governments.

The agreement also includes an incentive for small businesses to provide greater healthcare benefits to their employees by reducing an onerous tax burden 50 percent by January 2007. Kuipers supported the six-month pause on the income tax cut.

"This deal fairly compromises between getting significant tax cuts and a short pause in the income-tax rollback," said Kuipers (R-Holland). "With this, state leaders can resume their work to fight for every Michigan job."

Kuipers said the Senate, the House of Representatives and the Governor's Office each compromised to reach the deal, which also includes an additional $12 million in administrative cuts for state government that were not in the initial plan.

The cuts to K-12, higher education and revenue sharing were reduced from the governor's original proposal because of Republicans' insistence on how money from pausing the income-tax rollback for six months be spent. Under the Republican proposal, the roughly $77 million raised by pausing the rollback will be divided among schools, universities and local governments. Schools now face a reduction of less than $100 per pupil, down significantly from the $196 per pupil proposed by the governor. The deal reduces cuts in revenue sharing to 5 percent while university funding drops as little as 2 percent if tuition increases are kept in check.

Additionally, small businesses in Michigan will see a 50-percent reduction in one of the state's most onerous tax burdens. The tax cut will open the door for greater healthcare benefits for working families. The taxes paid by employers on healthcare benefits under the state's Single Business Tax will drop by 5 percent starting in January 2004. The tax drops another 15 percent in January 2005, another 20 percent in January 2006 and an additional 10 percent in January 2007.

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